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INTERNATIONAL ECONOMIC COMPARISONS

Summary of U.S. Economic Conditions

Aggregate domestic demand slowed in the second quarter; as a result, real GDP grew less than many analysts anticipated, business inventories rose, and U.S. labor productivity dropped. The U.S. Department of Commerce reported that real GDP increased at an annual rate of 3.8 percent (\$49.1 billion) in the second quarter, following a 3.3-percent first-quarter rate of growth.¹

Major components of aggregate demand slowed in the second quarter, led by a bigger drop in consumer spending. Real consumer spending increased by \$12.3 billion, compared with an increase of \$40.1 billion in the previous quarter. Consumer spending on durable goods increased by \$1.6 billion in the second quarter, compared with an increase of \$10.9 billion in the first. Consumer spending on purchases of nondurable goods increased by \$5.6 billion, compared with the previous increase of \$10.3 billion. Consumer spending on services increased by \$5.0 billion, compared with the increase of \$18.9 billion in the preceding quarter.

Nonresidential fixed investment increased by \$14.3 billion in the second quarter, compared with an increase of \$16.4 billion in the first. Producers' durable equipment purchases increased by \$7.9 billion, compared with an increase of \$20.9 billion in the first. Real residential fixed investment increased by \$4.1 billion, following an increase of \$5.4 billion. Real Federal Government spending decreased by \$7.8 billion in the second quarter, following a decrease of \$9.4 billion in the first.

Because of the slower growth in consumer spending, business inventories increased, adding \$30.9 billion to real GDP in the second quarter after adding \$14.6 billion in the first.

¹ Quarterly estimates are expressed at seasonally adjusted annual rates. Quarter-to-quarter dollar changes are differences between the dollar values of these rates; quarter-to-quarter percent changes are annualized. Real estimates (constant dollars) are in 1987 dollars.

Exports of goods and services increased by \$23.1 billion to a seasonally adjusted annual rate of \$642.7 billion in the second quarter, in contrast to a decrease of \$5.6 billion to \$619.6 billion in the first. Imports increased by \$32.0 billion to a seasonally adjusted annual rate of \$755.6 billion, as compared with an increase of \$16.2 billion to \$723.6 billion. The trade deficit increased by \$8.9 billion to a seasonally adjusted annual rate of \$112.9 billion in the second quarter from \$104.0 billion in the first.

U.S. labor productivity declined in the second quarter, arousing some analysts' concerns about rising unit-labor costs in some sectors and their possible impact on inflation. Analysts consider the decline in productivity growth a result of the disappointing growth in final demand that led to higher inventory accumulation and a slower growth in output. Nonetheless, long-term productivity growth shows a rising trend, particularly with business downsizing and technology-based innovations still in place that have been enhancing worker productivity over past years. (For details, see following section on productivity and costs.)

New orders for manufactured goods, however, showed vigorous growth. Orders increased in June by 0.8 percent (\$2.2 billion) to \$279 billion, following a 0.8-percent increase in May. This is the fourth consecutive monthly increase and the 10th in the last 11 months. Year-to-date new orders for 1994 were above the same period a year ago by 8.6 percent. Shipments increased 0.9 percent (\$2.4 billion) to \$278.6 billion, following a 0.7 percent increase in May. This is the fourth increase in the last 5 months. Year-to-date shipments for 1994 were 7.0 percent above the same period a year ago. The rise in new orders for manufactures, coupled with industrial production expansion over the past 14 months, exerted pressure on an already rising capacity utilization in some sectors.

Despite the weakening of aggregate demand, the Federal Reserve hiked short-term interest rates to fend off troubling signals of inflationary pressures. Increased hiring, rising prices of intermediate goods, and a surge in consumer and commercial loans were of particular concern to the Federal Reserve. A surge in

new hiring even sparked scattered labor shortages in some areas, such as construction and packaging. The commodity price index has risen by 12 percent since January of this year, and prices of core intermediate goods rose for 3 straight months at an annualized rate of 5.2 percent, the highest level since 1987. Consumer loans rose by 14.4 percent this year and surged by 25.8 percent in July, and industrial and commercial loans shot up by 17 percent in July and by 9.5 percent in the first 6 months of 1994. These inflationary glimmers led the Federal Reserve to increase both the discount and Federal funds rates by 0.5 percent.

Productivity and Costs

The Bureau of Labor Statistics reported that U.S. labor productivity dropped in the second quarter because of the increase in hours worked and the slowdown in output growth. Productivity is measured by output per hour of all persons engaged in production. (All changes in the following section are seasonally adjusted at annual rates.)

Productivity declined by 2.7 percent in the second quarter for the broader business sector (comprising the farm and the nonfarm business sectors), following an increase of 2.9 percent in the first quarter. In the nonfarm business sector, productivity declined by 2.5 percent in the second quarter, following an increase of 2.9 percent in the first quarter. In both sectors, the decline in productivity (the first since the first-quarter of 1993) reflected the largest gain in hours worked since 1988 as well as the smaller increases in output in the second quarter than in the first.

On a yearly basis, however, U.S. productivity showed solid gains in all sectors, led by the manufacturing sector. From the second quarter of 1993 to the second quarter of 1994, productivity grew in the business sector by 2.2 percent, output surged by 5.2 percent, hours worked increased by 2.9 percent, and hourly compensation increased by 3.0 percent. Compared to the preceding four quarters when hourly compensation grew by 4.2 percent, the slower growth in compensation helped restrain increases in unit-labor costs to only 0.7 percent for the year ending in the second quarter of 1994 as compared to increases of 2.7 percent in the previous annual period ending in the second quarter of 1993. Productivity changes are summarized in table 1.

Manufacturing

Manufacturing productivity grew by 4.5 percent in the second quarter, compared with growth of 6.8 percent in the first quarter. Output grew by 6.1 percent and hours worked by all persons rose by 1.5 percent.

Manufacturing represents about 20 percent of U.S. business-sector employment. Despite the high output growth in the second quarter, hourly compensation of all manufacturing workers decreased by 1.6 percent, compared with a 3.8-percent increase in the first quarter. Real hourly compensation fell by 4.2 percent in the second quarter, compared with a 1.7-percent rise in the first quarter, and unit-labor costs fell by 5.8 percent, the third decline in a row. These costs had decreased by 2.8 percent during the first quarter of 1994.²

Productivity grew in durable goods manufacturing by 3.4 percent in the second quarter, compared with 7.7 percent in the first. Output grew by 5.2 percent, compared with 10.2-percent growth in the first quarter; hours worked increased by 1.7 percent, down from a 2.3-percent increase in the first quarter and unit-labor costs declined by 5.7 percent after a decline of 3.3 percent in the first quarter.

Productivity grew more strongly in nondurable goods industries in the second quarter—rising by 6.1 percent, markedly higher than the 5.2-percent gain in the previous quarter—and output gained was 7.4 percent, compared with a gain of 4.7 percent in the first quarter. Output gains in nondurable manufacturing were greater than the 5.2-percent gain in industries producing durable goods.

On a yearly basis, productivity in manufacturing grew by 5.4 percent in the second quarter of 1994, compared with a 4.0-percent growth in the second quarter of 1993. Output accelerated, and hours worked increased, but hourly compensation fell. Hourly compensation increased by 2.6 percent in the second quarter of 1994, compared with an increase of 4.0 percent in the second quarter of 1993. Unit-labor costs declined by 2.7 percent, following a zero increase in the second quarter of the previous year. In durable goods manufacturing, productivity grew by 6.6 percent in the second quarter from the corresponding quarter of the previous year, output increased by 8.3 percent, and unit labor costs declined by 3.9 percent.

Productivity more than doubled in the nondurable manufacturing sector, increasing by 3.6 percent, compared with an increase of 1.2 percent in the second quarter of 1993. Output grew and hours worked declined. Compensation grew less in the second quarter of 1994 than in the second quarter of the previous year, and unit-labor costs declined by 0.9 percent, following a rise of 3.3 percent in the second quarter of 1993.

² Output measures for the broader business sector and for its nonfarm business subgroup are based on measures of gross domestic product (GDP) and quarterly output measures for manufacturing are based on indexes of industrial production prepared by the Federal Reserve.

Table 1
Productivity and costs: Revised second-quarter 1994 measures (seasonally adjusted annual rates)

(Percent change)

Sector	Productivity	Output	Hours	Real hourly compensation	Hourly compensation	Unit-labor costs
From preceding quarter						
Business	-2.7	2.9	5.8	0.3	-2.4	3.2
Nonfarm business	-2.5	2.7	5.4	0.8	-1.9	3.4
Manufacturing	4.5	6.1	1.5	-1.6	-4.2	-5.8
Durable	3.4	5.2	1.7	-2.5	-5.1	-5.7
Nondurable	6.1	7.4	1.2	-0.2	-2.9	-5.9
From same quarter a year ago						
Business	2.2	5.2	2.9	3.0	0.5	0.7
Nonfarm business	2.3	5.2	2.8	3.0	0.6	0.7
Manufacturing	5.4	6.3	0.8	2.6	0.1	-2.7
Durable	6.6	8.2	1.5	2.4	0.0	-3.9
Nondurable	3.6	3.5	-0.1	2.6	0.2	-0.9

Source: U.S. Bureau of Labor Statistics.

International comparisons of manufacturing productivity and costs, 1992-93

The Bureau of Labor Statistics reported that manufacturing productivity in the United States increased by 4.2 percent in 1993. This was the largest productivity increase since 1987. Unit-labor costs decreased 0.6 percent in the United States in 1993. Manufacturing productivity and unit costs in 11 countries are compared in table 2.

The U.S. manufacturing labor-productivity increase of 4.2 percent in 1993 resulted from output growth of 4.8 percent coupled with an increase of 0.5 percent in labor input as measured per-hour worked. Of the countries shown in table 2, only the United States and Canada recorded increases in both output and hours worked over the year. Other countries whose productivity increases exceeded those of the United States did so primarily by reducing labor hours.

U.S. Economic Performance Relative to Other Group of Seven (G-7) Members

Economic Growth

Real GDP—the output of goods and services produced in the United States measured in 1987

prices—grew at a 3.8-percent annual rate in the second quarter of 1994, following a revised annual rate of 3.3 percent in the first quarter.

The annualized rate of real economic growth in the second quarter of 1994 was 4.2 percent in Canada, 3.9 percent in Japan, 3.6 percent in the United Kingdom, 2.2 percent in Germany, 1.9 percent in France, and 0.3 percent in Italy.

Industrial production

Seasonally adjusted U.S. nominal industrial production rose by 0.2 percent in July following a 0.5-percent increase in June 1994. The most significant gains occurred in business equipment and related parts and in consumer goods other than motor vehicles. A decline in electricity output from its high level in June, coupled with some strike activity, reduced the July gain by 0.2 percent. For the year ending July 1994, total industrial production was 5.6 percent above its level in July 1993.

Manufacturing output rose 0.4 percent in July, following an increase of 0.1 percent in June, and increased by 6.3 percent over a year earlier. Total capacity utilization in manufacturing, mining, and utilities remained unchanged at 83.9 percent in July. For the year ending July 1994, total capacity utilization rose by 2.4 percent above its level in July 1993.

Capacity utilization in manufacturing remained virtually unchanged in July at the 83.1-percent level and increased by 2.8 percent above its level in July 1993.

Table 2
Manufacturing productivity and labor costs in specified countries

(Percent change, 1992-93)

Country	Output per hour	Output	Hours	Hourly compensation	Unit-labor costs in U.S. dollars
Canada	2.1	4.9	2.8	0.4	-7.9
Japan	-6	-4.2	-3.6	2.7	17.9
Denmark	5.7	0.6	-4.8	2.5	-9.7
France	1.2	-3.2	-4.3	3.6	-4.4
Germany	2.3	-7.4	-9.4	7.2	-1.1
Italy	6.3	-2.1	-7.9	7.3	-21.0
Netherlands	1.2	-2.5	-3.6	2.9	-3.8
Norway	2.1	1.7	-0.4	1.0	-13.4
Sweden	9.2	1.7	-6.8	-1.5	-32.6
United Kingdom	5.2	1.7	-3.3	5.4	-14.8
United States	4.2	4.8	0.5	3.6	-0.6

Note.—Although productivity measures relate output to the hours of persons employed in manufacturing, they do not measure the specific contributions of labor as a single factor of production. Rather, they reflect the joint effects of many factors, including capital investment, technology, natural resources, management, as well as the working force.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Other G-7 member countries reported the following annual growth rates of industrial production for the year ending June 1994: Canada reported an increase of 6.1 percent, the United Kingdom reported an increase of 6.0 percent, France reported an increase of 3.4 percent, Germany reported an increase of 3.2 percent, Italy reported an increase of 2.8 percent, and Japan reported an increase of 0.7 percent.

Prices

The seasonally adjusted Consumer Price Index (CPI) increased by 0.3 percent in July, the same percentage as in June 1994. The CPI advanced 2.8 by percent during the 12 months ending July 1994.

During the 1-year period ending July 1994, prices increased by 3.6 percent in Italy, 2.9 percent in Germany, 2.3 percent in the United Kingdom, 1.7 percent in France, 0.6 percent in Japan and nil in Canada.

Employment

Job growth continued in July and unemployment was little changed, according to the Bureau of Labor Statistics. The number of nonfarm payroll jobs rose by 259,000 over the month, with gains concentrated in services and retail trade. The unemployment rate was 6.1 percent; it had been 6.0 percent in the prior 2 months. Total employment—as measured by the Household Survey—was almost unchanged in July, staying at 122.5 million, after seasonal adjustment.

Nonfarm payroll employment continued to show strength in July, rising by 259,000 on a seasonally adjusted basis. This followed an even larger increase in June. So far this year, employment has grown by 2.0 million, a monthly average gain of 279,000.

Employment in the services industries rose by 138,000. About one-half of this advance took place in business services, with almost two-thirds in personnel supply firms. Health and social services accounted for much of the remaining increase. Retail-trade employment increased by 75,000 in July, with eating and drinking establishments, furniture stores, and food stores accounting for the bulk of the expansion. The transportation and public utilities industries added 14,000 jobs, all in the transportation component. Wholesale trade had a smaller employment increase than it has had in recent months. Employment in finance, insurance, and real estate was flat during the month, as continued job losses in nondepository institutions (primarily among mortgage banks) offset additional gains in real estate.

Construction employment was up by 25,000 in July (seasonally adjusted), its average increase for the past year. Hiring has slowed, however, as compared with the rapid pace in March and April. Mining resumed its pattern of small monthly employment losses. The number of factory jobs edged up by 6,000 in July.

In other G-7 countries, unemployment in July 1994 was 12.6 percent in France, 11.6 percent in Italy, 10.2 percent in Canada, 9.3 percent in the United Kingdom, 8.3 percent in Germany, and 2.9 percent in Japan. (For foreign unemployment rates adjusted to U.S. statistical concepts, see the tables at the end of this issue.)

Forecasts

Forecasters expect real growth in the United States to average around 2.0 percent in the second quarter and then to increase to 2.8 percent in the last quarter of 1994. Growth is likely to reach 2.9 percent in the second quarter of 1995. Factors that may restrain the recovery in 1994 include the impact of rising interest rates on new investment, output and incomes, and the contractionary impact of the decline in government spending. Table 3 shows macroeconomic projections for the U.S. economy for April to March 1995, by six major forecasters, and the simple average of these forecasts. Forecasts of all the economic indicators

except unemployment are presented as percentage changes over the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are averages for the quarter.

The average of the forecasts points to an unemployment rate of 6.1 percent in the remainder of 1994, then a decline to 6.0 percent in the first two quarters of 1995. Inflation—as measured by the GDP deflator—is expected to remain subdued at an average rate of about 2.3 to 2.5 percent from the second until the fourth quarter of 1994, and then rise slightly in the first half of 1995. A slow rise in labor costs, wages, and compensation are expected to hold down inflation rates.

Table 3
Projected changes of selected U.S. economic indicators, by quarters, Apr. 94-Mar. 95

(Percent)							
Period	Conference Board	E.I. Dupont	UCLA Business Forecasting Project	Merrill Lynch Capital Markets	Data Resources Inc. (D.R.I.)	Wharton WEFA Group	Mean of 6 forecasts
GDP current dollars							
1994:							
July-Sept.	5.5	4.2	2.0	4.8	4.3	4.9	4.4
Oct.-Dec.	6.2	5.9	4.2	5.7	4.3	5.6	5.3
1995:							
Jan.-Mar.	7.8	5.6	4.0	5.8	4.3	6.3	5.6
July-Sept.	7.4	5.9	4.9	5.8	3.9	5.9	5.6
GDP constant (1987) dollars							
1994:							
July-Sept.	3.0	1.3	0.2	2.5	2.3	2.2	2.0
Oct.-Dec.	3.4	2.7	3.0	3.2	2.4	2.3	2.8
1995:							
Jan.-Mar.	4.7	2.3	1.9	2.9	2.2	2.8	2.8
July-Sept.	4.3	2.7	2.8	3.1	1.6	3.0	2.9
GDP deflator index							
1994:							
July-Sept.	2.4	2.9	1.7	2.3	1.9	2.7	2.3
Oct.-Dec.	2.7	3.2	1.1	2.4	2.3	3.2	2.5
1995:							
Jan.-Mar.	3.0	3.2	2.0	2.8	2.5	3.5	2.8
July-Sept.	3.0	3.1	2.1	2.8	2.3	2.8	2.7
Unemployment, average rate							
1994:							
July-Sept.	6.0	6.0	6.0	6.2	6.1	6.2	6.1
Oct.-Dec.	5.9	6.0	6.1	6.1	6.0	6.2	6.1
1995:							
Jan.-Mar.	5.8	5.9	6.2	6.1	6.0	6.1	6.0
July-Sept.	5.7	5.9	6.2	6.0	6.1	6.1	6.0

Note.—Except for the unemployment rate, percentage changes in the forecast represent compounded annual rates of change from preceding period. Quarterly data are seasonally adjusted. Date of forecasts: August 1994.

Source: Compiled from data provided by the Conference Board. Used with permission.

U.S. TRADE DEVELOPMENTS

The U.S. Department of Commerce reported that seasonally adjusted exports of goods and services of \$58.2 billion and imports of \$67.5 billion in June 1994 resulted in a goods and services trade deficit of \$9.4 billion, \$0.1 billion less than the May deficit of \$9.5 billion. The June 1994 deficit was \$1.8 billion more than the deficit registered in June 1993 (\$7.6 billion) and \$1.7 billion higher than the average monthly deficit registered during the previous 12 months (\$7.7 billion).

The June trade deficit in goods was \$14.2 billion, approximately 0.1 billion less than the May deficit of

\$14.3 billion. The June services surplus was \$4.8 billion, approximately 0.1 billion more than the May surplus of \$4.7 billion.

Seasonally adjusted U.S. trade in goods and services in billions of dollars as reported by the U.S. Department of Commerce is shown in table 4. Nominal export changes and trade balances for specific major commodity sectors are shown in table 5. U.S. trade in services by major category is shown in table 6. U.S. bilateral trade balances on a monthly and year-to-date basis with major trading partners are shown in table 7.

Table 4
U.S. trade in goods and services, seasonally adjusted, May-June 1994
(Billion dollars)

Item	Exports		Imports		Trade balance	
	June 94	May 94	June 94	May 94	June 94	May 94
Trade in goods (BOP basis)						
Current dollars—						
Including oil	42.0	40.3	56.2	54.5	-14.2	-14.3
Excluding oil	42.3	40.5	51.0	49.9	-8.8	-9.4
Trade in services						
Current dollars	16.2	15.9	11.4	11.1	4.8	4.7
Trade in goods and services						
Current dollars	58.2	56.2	67.5	65.7	-9.4	-9.5
Trade in goods (Census basis)						
1987 dollars	41.7	40.0	54.4	52.9	-12.7	-2.9
Advanced-technology products (not seasonally adjusted)	10.4	9.4	8.3	7.5	2.1	1.8

Note.—Data on trade goods are presented on a balance-of-payments (BOP) basis, which reflects adjustments for timing, coverage, and valuation of data compiled by the U.S. Census Bureau. The major adjustments on BOP basis exclude military trade but include nonmonetary gold transactions, and include estimates of inland freight in Canada and Mexico excluded from Census Bureau data.

Source: U.S. Department of Commerce News (FT 900), Aug. 1994

Table 5
Nominal U.S. exports and trade balances, of agriculture and specified manufacturing sectors,
Jan. 1993- June 1994

Sector	1994 Exports		Change Jan.- June 1994 over Jan.- June 1993	June 1994 over May 1994	Share of total, Jan.- June 1994	Trade balances, Jan.- June 1994
	Jan.- June 1994	June 1994				
	Billion dollars		Percent		Billion dollars	
ADP equipment & office machinery	14.6	2.7	10.1	16.4	5.9	-8.97
Airplane	10.6	1.6	-7.6	13.1	4.3	8.44
Airplane parts	4.8	.8	3.0	3.7	1.9	3.42
Electrical machinery	21.4	3.8	18.9	4.7	8.6	-5.00
General industrial machinery	10.4	1.9	6.5	0	4.2	-0.01
Iron & steel mill products	1.7	.3	1.2	3.2	.7	-4.24
Inorganic chemicals	1.8	.3	-11.5	-8.3	.7	-0.06
Organic chemicals	6.1	1.0	8.4	-3.8	2.4	0.63
Power-generating machinery	10.1	1.7	3.2	-0.6	4.1	0.45
Scientific instruments	8.2	1.4	6.8	5.8	3.3	3.48
Specialized industrial machinery	9.5	1.7	8.4	-0.6	3.8	1.21
Telecommunications	7.4	1.4	20.0	6.1	3.0	-6.76
Textile yarns, fabrics and articles	3.1	.5	4.4	-3.6	1.2	-1.34
Vehicle parts	10.3	1.9	2.0	1.6	4.2	0.41
Other manufactured goods ¹	13.7	2.5	4.7	10.5	5.5	-5.93
Manufactured exports not included above	63.0	10.9	11.0	-0.4	25.4	-48.95
Total manufactures	196.8	34.6	8.2	3.2	79.4	-63.31
Agriculture	21.1	3.2	3.1	-7.2	8.8	8.94
Other exports not incl.above	30.0	5.6	1.4	7.7	11.8	-7.69
Total exports of goods	247.9	43.4	6.9	2.9	100.0	-62.06

¹ This is an official U.S. Department of Commerce commodity grouping.

Note.—Because of rounding, figures may not add to the totals shown. Data are presented on a Census basis.

Source: U.S. Department of Commerce News (FT 900), Aug. 1994.

Table 6
Nominal U.S. exports and trade balances of services by sector, Jan. 1993-June 1994,
seasonally adjusted

Sector	Exports		Change		Trade balances	
			Jan.- Dec. 93 over Jan.- Dec. 92	Jan.- June 94 over Jan.- June 93		
	Jan.- Dec. 93	Jan.- June 94			Jan.- Dec. 93	Jan.- June 94
	Billion dollars		Percent		Billion dollars	
Travel	57.6	29.5	6.2	3.8	17.06	8.09
Passenger fares	16.5	8.3	-2.5	0.4	5.13	2.09
Other transportation	23.1	12.0	2.0	3.9	-1.35	-0.53
Royalties and license fees	20.4	10.3	2.4	2.0	15.56	7.34
Other private services ¹	54.9	28.8	7.6	6.6	22.75	11.62
Transfers under U.S. military sales contracts	11.4	4.7	5.4	-23.5	-0.77	-0.80
U.S. Govt. miscellaneous services	0.8	0.4	-5.8	-2.2	-1.53	-0.78
Total	184.8	94.0	4.7	2.3	56.85	27.03

¹ "Other private services" consists of transactions with affiliated and unaffiliated foreigners. These transactions include educational, financial, insurance, telecommunications, and such technical services as advertising, business, computers, data processing, and other information services, such as engineering, consulting, etc.

Note.—Services trade data are on a balance-of-payments (BOP) basis. Numbers may not add to totals because of seasonal adjustment and rounding.

Source: U.S. Department of Commerce News (FT900), Aug. 1994.

Table 7
U.S. merchandise trade deficits and surpluses, with specified areas, Jan. 1993- June 1994,
seasonally unadjusted

(Billion dollars)

Area or country	June 1994	May 1994	June 1993	Jan.- June 1994	Jan.- June 1993
Canada	-1.28	-.83	-1.02	-5.85	-5.11
Mexico20	.35	.12	1.09	1.61
Western Europe	-1.82	-1.43	-1.66	-3.37	2.72
European Union (EU)	-1.32	-.99	-1.21	-1.83	2.84
Germany	-1.25	-1.22	-.97	-5.68	-3.80
European Free-Trade Association (EFTA) ¹	-.65	-.54	-.66	-2.26	-1.46
Japan	-5.52	-4.39	-4.35	-30.42	-26.91
China	-2.46	-2.22	-2.00	-11.69	-9.49
NICs ²	-0.97	-1.12	-1.14	-4.64	-4.57
FSU ³ /Eastern Europe	-.08	-.06	.12	.05	1.43
FSU	-.03	-.04	.04	.17	.88
Russia	-.06	-0.08	-.01	-.05	.45
OPEC	-1.67	-1.03	-1.37	-5.43	-6.93
Trade balance	-14.01	-10.89	-11.74	-62.06	-47.22

¹ EFTA includes Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland.

² The newly industrializing countries (NICs) includes Hong Kong, the Republic of Korea, Singapore, and Taiwan.

³ Former Soviet Union.

Note.—Country-area numbers may not add to the totals shown, due to rounding. Exports of certain grains, oilseeds, and satellites are excluded from country-area exports in this table that are included in table 5 on total exports. Also some countries are included in more than one area. Data are presented on a Census Bureau basis.

Source: U.S. Department of Commerce News (FT 900), Aug. 1994.

INTERNATIONAL TRADE DEVELOPMENTS

U.S. Trade With Post-communist Central Europe: Half-Year Results and Outlook

U.S. trade with the Czech Republic, Hungary, Poland, and Slovakia, the signatories of the recently formed Central European Free-Trade Agreement (CEFTA), has expanded rapidly since the collapse of European communism in 1989. U.S.-CEFTA merchandise trade (exports plus imports) doubled from \$1.4 billion in 1989 to \$2.8 billion in 1993. However, analysts are not sure that U.S.-CEFTA trade expansion will maintain this pace in the coming years. U.S.-CEFTA trade declined from \$1.8 billion in the first half of 1993 to \$1.3 billion in the corresponding period of 1994.

First Half Trade Developments

U.S. exports to the CEFTA countries decreased by 40.3 percent, from \$995.4 million during January-June 1993 to \$594.2 million during the corresponding period of 1994. However, U.S. imports from the region increased by 34.6 percent over the period, from \$541.3 million to \$728.7 million. The following tabulation shows U.S. exports to, and imports from each of the CEFTA countries during January-June 1993 and January-June 1994 (million dollars):

	Exports January- June		Imports January- June	
	1993	1994	1993	1994
Czech Republic	138.9	117.0	136.0	146.6
Hungary	284.4	121.4	180.8	222.7
Poland	563.7	334.4	197.5	310.1
Slovakia	8.4	21.4	27.0	49.3

In bilateral trade, Poland is the largest U.S. trading partner in the region. Transportation equipment (with aircraft and aircraft parts as the most important subgroup) and processed food products were the leading items in U.S. exports to Poland during the first half of 1994. The decline in U.S. exports to Poland

from the first half of 1993 to the corresponding period of 1994 is due primarily to the decline in shipments of machinery and equipment, and of grains. Of imports from Poland, the leading commodity groups were machinery and equipment (both for particular industries and for general industrial use), articles of apparel and clothing accessories, nonferrous metals (such as copper), iron and steel products, nonmetallic mineral manufactures (such as glassware), and footwear. Except for articles of apparel and clothing accessories, U.S. imports of these Polish goods grew in all of the above-mentioned commodity groups. For the first time since 1989, Poland shipped metallurgical coke to the United States. The reemergence of Poland as a coke supplier to the U.S. market confirms an earlier assessment by the USITC. As a result of the anticipated decline in Poland's steel capacity during the remainder of the 1990's, the country is expected to have relatively significant amounts of surplus coke. (See U.S. International Trade Commission (USITC), *Metallurgical Coke: Baseline Analysis of the U.S. Industry and Imports*, investigation No. 332-342, publication 2745, March 1994, pp. 5-7 to 5-11.)

Machinery and transportation equipment was the leading group of U.S. exports to Hungary during January-June 1994. A drop in shipments in this category explains the decline in exports. U.S. shipments of large aircraft (exceeding 15 metric tons) amounted to \$155 million (representing 2 airplanes) in the first half of 1993, whereas no such shipments occurred during the corresponding period of 1994. Among U.S. imports originating in Hungary in the first half of 1994, parts and accessories of motor vehicles, electric light bulbs, articles of apparel and clothing accessories, processed food (mainly fruit juices and prepared meat), and iron and steel were the leading product groups. Shipments to the United States increased in all these groups from the first half of 1993 to the corresponding period of 1994.

In trade with the Czech Republic, machinery and transport equipment (with office machines and data processing equipment, and telecommunications equipment as the most important subgroups), miscellaneous manufactured articles, and chemicals were the leading U.S. exports. A smaller shipment of

machinery destined for particular industries was the main factor behind the decline of U.S. exports from January-June 1993, until the corresponding period of 1994. Among imports, the largest commodity groups were: manufactured goods classified by material (with textile yarn, fabrics, glassware, iron and steel as the major subgroups), machinery and transport equipment, and miscellaneous manufactured articles. U.S. imports from the Czech Republic increased for a broad range of products in the first half of 1994. The most significant increase occurred in iron and steel products.

In trade with the Slovakia, metalworking machinery was the leading U.S. export during January-June 1994; iron and steel products, articles of apparel and clothing accessories were the most significant imports. Although U.S. exports increased from the first half of 1993, U.S. imports from Slovakia increased even faster. The most significant increases in imports occurred in iron and steel. Shipments of footwear also increased from January-June 1993 to January-June 1994.

Overall, U.S. exports to the CEFTA countries declined mainly because of lower shipments of grains to Poland and no shipments of aircraft to Hungary. U.S. imports from the region increased as a result of larger shipments of a broad spectrum of goods. Increases in U.S. imports were registered in 45 out of 64 commodity groups at the 2-digit SITC product groups, or for 70 percent of these categories. Some of the trade was the result of growing U.S. direct investment in the CEFTA countries. U.S. exports included shipments of machinery and equipment to U.S. investment sites in the region. U.S. imports, such as light bulbs produced by General Electric Corp. in Hungary, included goods produced by U.S. firms in the region.

Increased shipments from the CEFTA countries to U.S. markets corresponded to the overall trend of rising exports from the CEFTA countries. However, the decline in U.S. shipments to these countries did not correspond to the general trend of their growing imports, particularly from the European Community (EU). The relative share of the CEFTA countries in U.S. trade was negligible (less than 0.5 percent.) The relative share of the United States in the trade of the CEFTA countries was less than 5 percent. The EU remained the dominant trading partner for the CEFTA countries.

The resumption of a high rate of expansion in U.S.-CEFTA trade during the rest of the decade is far from certain.

Mixed Outlook for the '90s

Good economic growth prospects and expanding U.S. investment in the CEFTA countries, and the excellent commercial relations between the United States and the national governments of the region suggest that U.S.-CEFTA trade will grow rapidly during the remainder of the decade. (For descriptions of the economic recovery in the CEFTA countries and U.S. investment in the region, see U.S. International Trade Commission (USITC), *International Economic Review* (IER), Feb. 1994).

Since 1989, U.S. commercial relations with the CEFTA countries have been completely normalized. The four countries have permanent most-favored-nation tariff status with the United States, and many of their products enter the United States duty-free under the U.S. Generalized System of Preferences (GSP). The entire range of services of the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank (Eximbank) are extended to all four countries. All CEFTA countries have bilateral textile agreements with the United States, ensuring them the possibility of further increases in their textile shipments to U.S. markets. Poland and Hungary have recently concluded agreements with the United States for the protection of intellectual property rights, a development that ought to stimulate U.S. trade with these countries. All four countries are members of the General Agreement of Tariffs and Trade. They signed the final document of the Uruguay Round and the Declaration on the World Trade Organization. Consequently, they subscribe to the code of conduct in international trade and support further efforts at trade liberalization.

The main factors that could hamper the expansion of U.S. trade with the CEFTA countries are the dismantlement of tariffs among them and their integration into the EU. Nevertheless, the U.S. Government encourages and supports both of these processes because they promise to strengthen Europe and to improve the world economy.

Originally, the CEFTA envisaged the elimination of duties on most industrial products in trade among the member states by 2001. (For details, see *IER*, Feb. 1993 and Aug. 1993). However, in February 1994, the four governments signed a declaration committing themselves to speed up the process of trade liberalization and to implement the agreement by the end of 1997. Over nine-tenths of trade within the CEFTA countries should be liberalized fully by the end of 1997. The CEFTA countries are also in the process of implementing identical association agreements with the EU, calling for the establishment of free trade

between each of the CEFTA countries and the EU by 2001. (For a description of these agreements, also called "Europe Agreements," see *IER*, May 1991.)

As tariffs are gradually eliminated both within the CEFTA region and between the region and the EU, suppliers in the combined EU-CEFTA area who are still protected by tariffs against nonpartner suppliers are expected to capture market shares from these suppliers. For example, if a U.S. exporter sells a product for \$100 in a given CEFTA country and the duty on the product is 5 percent, the domestic price in the CEFTA country may be approximately \$105. If duties are eliminated among the CEFTA countries, and between them and the EU on this product, an exporter from the EU or from another CEFTA country can outcompete the U.S. exporter so long as his price remains less than \$105. (If the new supplier gains marketshare with a price that is above \$100—meaning that he is less efficient than the displaced U.S. supplier—the phenomenon is called "trade diversion.")

Some analysts have noted that trade liberalization in the CEFTA region is bringing in so many new imports from Western Europe that local producers in the CEFTA countries feel imperiled and are seeking protection from at least the non-European suppliers. Relatively higher tariff rates imposed on non-European suppliers, coupled with possible nontariff barriers against them, would result in greater losses than currently anticipated. One way outside suppliers can mitigate a loss in their current market shares is to establish a presence inside the CEFTA region. Clearly, many U.S. firms have chosen this route, which partially explains the surge of U.S. investment in the CEFTA countries. As seen above, direct investment tends to increase trade between the investor country and the country in which the investment locates. However, the investment-generated increase could be smaller than the loss of trade caused by dropping non-partner suppliers in favor of suppliers in the partner countries.

One possible constraint on the growth of U.S. trade with the CEFTA countries may be the loss of their GSP status. As EU-CEFTA trade gradually becomes duty-free, U.S. suppliers to the CEFTA region may suffer significant injury. Section 502 (b) (3) of the Trade Act of 1974 says that the President shall not designate any country a beneficiary developing country "if such country affords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have a significant adverse effect on the United States commerce ... " A number of U.S. firms have already complained to the Office of the United States Trade Representative that they have lost business to EU suppliers in the CEFTA

region as a result of preferential treatment accorded to EU suppliers.

Trade To Grow in the Long Term

Despite the initial decline, trade between a free-trade area and outside partners is expected to increase over the long term. Good examples of this are U.S. trade with Germany—the EU economic linchpin—and with Austria, a country that is presently outside but becoming increasingly integrated into the EU. U.S. trade with Germany is \$569 per capita of the German population and U.S. trade with Austria is \$333 per capita of the Austrian population. In comparison, U.S. trade with the CEFTA countries is only \$43 per capita of the CEFTA population. As a result of long-term economic development and concomitant rise in per capita income in the CEFTA countries, the per capita U.S. trade in these countries should gradually move toward that of the mature market economies of Central Europe.

Caribbean Countries To Ponder Economic Cooperation Strategies

On July 24, 1994, in Cartagena, Colombia, 37 countries formally established the Association of Caribbean States (ACS), thus far the largest regional bloc in the Western Hemisphere (see also U.S. International Trade Commission (USITC), *International Economic Review* (IER), Dec. 1993). Among the signatories, 25 received full-member status: the 13 English-speaking members of the Caribbean Community (CARICOM), Colombia, Mexico, Venezuela, the 5 Spanish-speaking Central American countries (the sixth Central American country, English-speaking Belize, is an original CARICOM member), Cuba, the Dominican Republic, Haiti, and Suriname. Twelve Caribbean countries—mostly overseas territories such as the U.S. Virgin Islands, Puerto Rico, the British Virgin Islands, the French and Dutch dependent territories—accepted observer status in the ACS.

The objective of the ACS is to promote integration in certain economic areas, and the eventual creation of a regional free-trade bloc. Cesar Gaviria, the President of Colombia, said at the signing ceremony that the Association was created to initiate a permanent deluge among the members on several areas of possible cooperation, including trade, development of tourism, transportation links, and protection against natural disasters.

Smaller regional accords among certain members of ACS were concluded earlier, such as a trilateral cooperation agreement affecting certain economic areas among Colombia, Mexico, and Venezuela (the so-called "Group of Three") in 1990; a trade accord between CARICOM and Venezuela in 1992, and still another one between CARICOM and Colombia, just signed on July 25, 1994, effective January 1, 1995. In the last two, the Latin American partner extends certain immediate unilateral tariff preferences to CARICOM members, whereas preferences to the Latin American partner will be extended only by the economically more advanced CARICOM members (Barbados, Guyana, Jamaica, and Trinidad and Tobago), and these preferences will be phased out over a few years.

Twenty-four Caribbean and Central American countries—many of them now ACS members—are beneficiaries of the Caribbean Basin Economic Recovery Act (CBERA). CBERA is a U.S. Government program that features nonreciprocal preferential access to the U.S. market as its key component for certain exports of its beneficiaries. CBERA benefits have fostered modernization and economic diversification in the region during its first decade of operation (see *IER*, July 1994). CBERA beneficiaries share the common interest of preserving their advantages in North American markets from the potentially adverse effects of the North American Free-Trade Agreement (NAFTA).

Mexico is currently the only ACS member that is also a NAFTA signatory. As such, Mexico causes some concerns to CBERA beneficiaries and to some of its other partners in the new ACS, who fear that NAFTA may have sharpened Mexican competition to their exports to North America and reduced their opportunities of attracting foreign investment. To avert the real or perceived danger from NAFTA, CBERA beneficiaries first requested "NAFTA parity." This term means that the United States should add benefits to the existing unilateral trade preferences already granted under CBERA (and that Canada should add

commitments to "Caribbean," its own unilateral preference program). These adjustments would assure treatment equal to that of Mexico's for exports of Caribbean Basin countries.

In May 1994, the Clinton administration proposed an "Interim Trade Program" (ITP), to provide NAFTA parity for Caribbean textiles and apparel—a product group largely excluded from duty-free treatment under CBERA, but of critical importance for many Caribbean countries. However, ITP would restrict parity to textiles and apparel, unlike the bills of 1993, which proposed parity for several product categories other than textiles and apparel. In addition, ITP calls for reciprocal Caribbean commitments in terms of standards to be agreed to in the area of investment and intellectual property rights. In fact, ITP provides that interested Caribbean countries must negotiate full-fledged bilateral investment and intellectual property rights accords with the United States to qualify for parity. (ITP is included in the Clinton administration's draft of implementing proposals for the Uruguay Round, but is not currently included in the Senate Finance Committee version of the draft of implementing legislation.)

Meanwhile, some Caribbean countries are now warming to the idea of having to assume reciprocal obligations eventually. Apparently dissatisfied with the progress of the "NAFTA parity" approach, certain CBERA beneficiary countries offered to exchange their current unilateral preferences from the United States and Canada for membership in NAFTA, which is based on reciprocity. Three CARICOM members and CBERA beneficiaries—Guyana, Jamaica, and Trinidad and Tobago—were the first ones to seek eligibility for NAFTA membership. More recently, in July, all CARICOM members dropped their request for "NAFTA parity" to seek full NAFTA membership instead. However, several other CBERA beneficiaries outside CARICOM are still uncertain about the merits of trading their unilateral privileges for reciprocal obligations.

STATISTICAL TABLES

Industrial production, by selected countries and by specified periods, Jan. 1991-July 1994
(Total industrial production, 1985=100)

Country	1991	1992	1993	1993			1994							
				III	IV	Dec.	I	II	Feb.	Mar.	Apr.	May	Jun.	Jul.
United States ¹	104.2	104.3	109.2	111.1	112.9	109.0	115.1	116.7	115.1	115.7	116.0	116.3	116.9	117.2
Japan	127.7	120.4	115.3	115.8	114.7	111.6	112.6	(2)	112.8	125.5	114.7	(2)	(2)	(2)
Canada ³	113.8	114.9	118.0	121.2	119.6	115.5	116.9	(2)	118.4	120.1	(2)	(2)	(2)	(2)
Germany ⁴	100.0	98.1	91.5	88.8	95.1	89.7	92.6	(2)	90.1	100.2	(2)	(2)	(2)	(2)
United Kingdom	109.0	108.6	111.3	105.4	116.7	110.3	118.9	(2)	120.7	123.7	(2)	(2)	(2)	(2)
France	114.2	112.9	108.6	97.3	111.5	110.2	(2)	(2)	116.4	(2)	(2)	(2)	(2)	(2)
Italy	115.4	113.6	110.7	93.7	114.8	104.3	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

¹ 1987=100

² Not available.

³ Real domestic product.

⁴ 1991=100

Source: *Main Economic Indicators*; Organization for Economic Cooperation and Development, July 1994, *Federal Reserve Statistical Release*, August 15 1994.

Consumer prices, by selected countries and by specified periods, Jan. 1991-June 1994
(Percentage change from same period of previous year)

Country	1991	1992	1993	1993				1994							
				II	III	IV	Dec.	I	II	Jan.	Feb.	Mar.	Apr.	May	Jun.
United States	4.2	3.0	3.0	3.1	2.7	2.7	2.7	2.5	2.4	2.5	2.5	2.5	2.4	2.3	2.5
Japan	3.3	1.6	1.3	0.9	1.8	1.1	1.0	1.2	0.7	1.2	1.1	1.3	0.8	0.8	0.6
Canada	5.6	1.5	1.8	1.7	1.7	1.8	1.7	0.6	0.0	1.3	0.2	0.2	0.2	-0.2	0.0
Germany	3.5	4.0	4.2	4.2	4.2	3.7	3.7	3.3	3.0	3.5	3.3	3.2	3.1	(¹)	2.9
United Kingdom	5.9	3.7	1.6	1.3	1.6	1.6	1.9	2.4	2.6	2.5	2.4	2.3	2.6	2.6	2.6
France	3.2	2.4	2.0	2.0	2.2	2.1	2.1	1.7	1.7	(¹)	1.8	1.5	1.7	1.7	1.8
Italy	6.4	5.1	4.4	4.5	4.5	4.4	4.3	(¹)	(¹)	4.4	4.4	4.3	4.1	4.0	(¹)

¹ Not available.

Source: *Consumer Price Indexes, Nine Countries*, U.S. Department of Labor, August 1994.

Unemployment rates, (civilian labor force basis)¹ by selected countries and by specified periods, Jan. 1991-June 1994

Country	1991	1992	1993	1993			1994						
				III	IV	Dec.	I	II	Feb.	Mar.	Apr.	May	Jun.
United States	6.7	7.4	6.8	6.7	6.5	6.4	6.6	6.2	6.5	6.5	6.4	6.0	6.0
Japan	2.1	2.2	2.5	2.6	2.8	2.9	2.8	2.8	2.9	2.9	2.8	2.8	2.9
Canada	10.3	11.3	11.2	11.4	11.1	11.2	11.0	10.7	11.1	10.6	11.0	10.7	10.3
Germany ³	4.4	4.7	5.9	6.1	6.4	6.5	6.4	6.6	6.7	6.5	6.6	6.6	6.6
United Kingdom ...	8.9	10.0	10.4	10.5	10.1	10.0	10.0	9.6	9.9	9.8	9.7	9.6	9.6
France	9.8	10.2	11.3	11.3	11.7	11.7	12.3	(2)	12.3	12.4	12.4	12.4	(2)
Italy ⁴	6.9	7.3	9.4	10.6	(2)	(5)	(5)	11.9	(5)	(5)	(5)	(5)	(5)

¹ Seasonally adjusted; rates of foreign countries adjusted to be comparable with the U.S. rate.

² Not available.

³ Formerly West Germany.

⁴ Many Italians reported as unemployed did not actively seek work in the past 30 days, and they have been excluded for comparability with U.S. concepts. Inclusion of such persons would increase the unemployment rate to 11-12 percent in 1989-1990.

⁵ Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

Source: *Unemployment Rates in Nine Countries*, U.S. Department of Labor, August 1994.

Money-market interest rates,¹ by selected countries and by specified periods, Jan. 1991-July 94
(Percentage, annual rates)

Country	1991	1992	1993	1993				1994							
				II	III	IV	Dec.	I	II	Feb.	Mar.	Apr.	May	Jun.	Jul.
United States	5.9	3.7	3.2	3.1	3.1	3.3	3.4	3.4	4.3	3.6	3.7	4.0	4.5	4.5	4.7
Japan	7.3	4.4	2.9	3.2	2.9	2.2	2.0	2.2	2.1	2.2	2.2	2.2	2.1	2.1	(2)
Canada	9.0	6.7	5.1	5.1	4.6	4.3	4.0	4.0	5.7	3.8	4.4	4.4	6.3	6.5	(2)
Germany	9.1	9.4	7.1	7.5	6.6	6.2	5.9	5.7	5.1	5.7	5.7	5.4	5.0	4.9	(2)
United Kingdom	11.5	9.5	5.8	5.8	5.8	5.4	5.2	5.2	5.1	5.1	5.1	5.1	5.1	5.1	(2)
France	9.5	10.1	8.3	7.7	7.4	6.5	6.3	6.1	5.5	6.1	6.1	5.8	5.5	5.4	(2)
Italy	12.0	13.9	10.0	10.7	9.2	8.7	8.5	8.3	7.9	8.4	8.3	8.0	7.7	8.0	(2)

¹ 90-day certificate of deposit.

² Not available.

Source: Federal Reserve Statistical Release, August 1, 1994 Federal Reserve Bulletin, August 1994.

Effective exchange rates of the U.S. dollar, by specified periods, Jan. 1991-July 1994
(Percentage change from previous period)

Item	1991	1992	1993	1993		1994						
				III	IV	I	II	Mar.	Apr.	May	Jun.	Jul.
Unadjusted:												
Index ¹	98.5	97.0	100.1	99.6	101.2	101.6	100.0	100.9	100.9	100.0	99.1	96.7
Percentage change	-1.5	-1.5	3.1	1.4	1.6	.4	-1.6	-.5	0	-.9	-.9	-2.4
Adjusted: Index ¹	101.1	100.9	104.2	103.7	104.1	104.7	103.5	103.9	104.2	103.2	102.5	100.0
Percentage change	1.0	-.1	3.3	.7	.4	.6	-1.2	-.6	.3	-.9	-.6	-2.5

¹ 1990 average=100.

Note.—The foreign-currency value of the U.S. dollar is a trade-weighted average in terms of the currencies of 18 other major nations. The inflation-adjusted measure shows the change in the dollar's value after adjusting for the inflation rates in the United States and in other nations; thus, a decline in this measure suggests an increase in U.S. price competitiveness.

Source: Morgan Guaranty Trust Co. of New York, August 1994.

Trade balances, by selected countries and by specified periods, Jan. 1991-June 1994

(In billions of U.S. dollars, Exports less imports (f.o.b - c.i.f.), at an annual rate)

Country	1991	1992	1993	1993		1994					
				IV.	Dec.	I	II	Mar.	Apr.	May	Jun.
United States ¹	-65.4	-84.5	-115.7	-111.7	-103.9	-129.1	-152.4	-114.9	-144.5	-154.6	-158.0
Japan	77.6	106.4	120.3	41.7	44.7	42.4	(2)	123.8	(2)	(2)	(2)
Canada ³	9.0	12.1	13.3	3.8	3.4	4.2	(2)	8.6	(2)	(2)	(2)
Germany	13.2	21.0	35.8	17.9	47.0	13.1	(2)	36.8	(2)	(2)	(2)
United Kingdom	-24.8	-30.8	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
France ³	-5.2	5.8	15.8	6.4	27.1	3.6	(2)	18.6	(2)	(2)	(2)
Italy	-13.2	-6.6	20.6	7.5	14.8	(2)	(2)	(2)	(2)	(2)	(2)

¹ Figures are adjusted to reflect change in U.S. Department of Commerce reporting of imports at customs value, seasonally adjusted, rather than c.i.f. value.² Not available.³ Imports are f.o.b.Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, August 18, 1994; *Main Economic Indicators*; Organization for Economic Cooperation and Development, July 1994.U.S. trade balance,¹ by major commodity categories and by specified periods, Jan. 1991-June 1994

(In billions of dollars)

Country	1991	1992	1993	1993		1994					
				IV	I	II	Feb.	Mar.	Apr.	May	Jun.
Commodity categories:											
Agriculture	16.2	18.6	17.8	5.6	4.4	3.6	1.4	1.4	1.2	1.3	1.1
Petroleum and selected product—											
(unadjusted)	-42.3	-43.9	-45.7	-10.7	-9.6	-11.9	-3.2	-3.5	-3.6	-3.8	-4.5
Manufactured goods	-67.2	-86.7	-115.3	-32.8	-29.1	-33.8	-10.4	-9.5	-9.7	-10.8	-13.3
Selected countries:											
Western Europe	16.1	6.2	-1.4	-1.2	-.1	-2.3	-.5	.3	-.1	-1.4	-1.8
Canada ²	-6.0	-7.9	-10.2	-2.8	-2.7	-3.0	-1.0	-.6	-.9	-.8	-1.3
Japan	-43.4	-49.4	-59.9	-17.1	-15.0	-15.4	-4.6	-5.8	-5.5	-4.4	-5.5
OPEC (unadjusted)	-13.8	-11.2	-11.6	-1.6	-1.6	-3.7	-.7	-.7	-1.1	-1.0	-1.6
Unit value of U.S. imports of petroleum and selected products (unadjusted)	\$17.42	\$16.80	\$15.13	\$13.52	\$11.80	\$13.98	\$12.03	\$11.78	\$12.77	\$14.04	\$15.14

¹ Exports, f.a.s. value, unadjusted. Imports, customs value, unadjusted.² Beginning with 1989, figures include previously undocumented exports to Canada.Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, August 18, 1994.

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END

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